

BROCKMAN RESOURCES LIMITED

A.B.N 73 009 372 150

INTERIM FINANCIAL REPORT

FOR THE INTERIM PERIOD ENDING 31 DECEMBER 2011

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Brockman Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CORPORATE INFORMATION

Directors

Luk, Kin Peter Joseph	Chairman of the Board (appointed 16 September 2011)
Ross Norgard	Non Executive Joint Deputy Chairman
Warren Beckwith	Non-Executive Joint Deputy Chairman
Colin Paterson	Executive Director and Chief Executive Officer
Chu, Howard Chung Yue	Non Executive Director (appointed 10 November 2011)
D Michael Spratt	Non Executive Director (appointed 2 December 2011)
Robert Brierley	Non Executive Director (appointed 16 September 2011)
Richard (Dick) Wright	Non Executive Director (appointed 16 September 2011)

Hendrianto Tee	Non Executive Director (resigned 10 November 2011)
Barry Cusack	Non-Executive Chairman (resigned 16 September 2011)
Wayne Richards	Managing Director (resigned 16 September 2011)
Ross Ashton	Non Executive Director (resigned 16 September 2011)
J David Nixon	Non Executive Director (resigned 16 September 2011)

Company Secretary

Tara Robson

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Website

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Auditors

PricewaterhouseCoopers
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ASX Code

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Brockman Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive	
Mr Luk, Kin Peter Joseph	Director since 16 September 2011
Mr Ross Norgard	Director since 14 January 2004
Mr Warren Beckwith	Director since 17 June 2011
Mr D Michael Spratt	Director since 2 December 2011
Mr Robert Brierley	Director since 16 September 2011
Mr Richard (Dick) Wright	Director since 16 September 2011
Mr Chu, Howard Chung Yue	Director since 10 November 2011

Executive

Mr Colin Paterson	Director since 14 January 2004
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Mr H Tee resigned as a director on 10 November 2011.

Messers Cusack, Ashton, Richards and Nixon resigned as directors on 16 September 2011.

Review and results of operations

Operating results

Net operating loss after income tax expense for the six months ended 31 December 2011 was \$17,399,509 (31 December 2010: \$16,583,405).

Review of operations

The Consolidated Entity continued to aggressively advance the flagship Marillana Iron Ore Project, and pursue exploration programmes on other tenements to develop its pipeline of future projects.

Exploration

During the interim period the Company discovered a new deposit of bedded hematite mineralisation identified at the Sirius prospect within the Company's 100% owned Ophthalmia project tenements, located 15km north of Newman in Australia's Pilbara region. The first (and only) hole drilled at the prospect returned a highly significant intersection of Direct Shipping Ore ('DSO') grade hematite mineralisation of 135.45m @ 61.02% Fe.

Marillana Iron Ore Project

A strategic review by the Board and Management, undertook an optimisation study aimed at reducing capital costs and further de-risking the project. The optimisation study focussed on the overall plant layout and footprint, crushing equipment selection and the dense media plant layout and has identified significant improvements in all areas. The optimisation study has not resulted in any changes to the process flow sheet.

In addition, testwork continued on the plant feed material characteristics and handling properties, and the design strategy for the fines and coarse reject handling optimisation, to determine the possibility of additional operational cost savings in materials handling.

DIRECTORS' REPORT CONTINUED

Rail and Port Infrastructure

The Company continues to actively pursue rail haulage arrangements with existing and proposed railway owners in the Pilbara, as well as consideration of a standalone rail solution for the Marillana project.

Discussions around project delivery were simplified during the interim period following completion of the merger of fellow founding members of the North West Infrastructure ("NWI") Group, Atlas Iron Limited and FerrAus Limited. Brockman worked closely with Atlas towards refocussing NWI into a project delivery vehicle to finalise tenure, approvals and engineering work for the development of new port facilities in South West Creek.

In late November 2011 the NWI received the Environmental Protection Authority conditional recommendation for the port development.

Corporate

The Company announced on 27 January 2012 the appointment of Mr Russell Tipper as Chief Executive Officer. Mr Tipper will commence with Brockman on 1 March 2012.

Financing

The Consolidated Entity's cash position as at 31 December 2011 was \$37,915,350. The Company will monitor cash resources against expenditure forecasts associated with implementation of its growth strategies and development plans to assess financing requirements. The Company's ability to achieve its Marillana iron ore project development schedule is reliant on access to adequate and timely funding.

Takeover bid

On 12 December 2011 the Company received a conditional off-market takeover offer from Wah Nam International Limited, ("Wah Nam") of A\$1.50 cash and 18 Wah Nam shares for every 1 Brockman share. The offer closes 19 March 2012 unless extended. Brockman's Independent Directors unanimously recommend Brockman shareholders accept the Wah Nam offer, in the absence of a superior proposal for Brockman.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2011.

Signed in accordance with a resolution of the directors.

Dated at Perth on 28 February 2012.



Colin Paterson
Executive Director



Auditor's Independence Declaration

As lead auditor for the review of Brockman Resources Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brockman Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'David T. Smith'.

David Smith
Partner
PricewaterhouseCoopers

Perth
28 February 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

	Notes	31 Dec 2011 \$	30 June 2011 \$
Assets			
Cash and cash equivalents		37,951,350	53,506,681
Trade and other receivables		949,377	1,352,478
Total current assets		38,900,727	54,859,159
Property, plant and equipment	5	306,291	278,999
Other		349,410	322,410
Total non-current assets		655,701	601,409
Total assets		39,556,428	55,460,568
Liabilities			
Trade and other payables	6	4,655,491	3,766,303
Provisions		406,187	318,365
Total current liabilities		5,061,678	4,084,668
Provisions		56,640	70,141
Total non-current liabilities		56,640	70,141
Total liabilities		5,118,318	4,154,809
Net assets		34,438,110	51,305,759
Equity			
Issued capital	7	133,835,818	133,304,408
Reserves		13,604,437	13,604,437
Accumulated losses		(113,002,145)	(95,603,086)
Total equity		34,438,110	51,305,759

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	31 Dec 2011 \$	31 Dec 2010 \$
Other income	13,184	111,174
Exploration and evaluation expenditure	(15,057,352)	(12,803,356)
Administration expenditure		
- General	(3,682,512)	(2,050,685)
- Share based payment expense	-	(4,210,719)
Loss before tax and finance income	(18,726,680)	(18,953,586)
Finance income	1,327,621	2,370,181
Loss before tax	(17,399,059)	(16,583,405)
Income tax expense	-	-
Net loss for the period attributable to the owners of the Company	(17,399,059)	(16,583,405)
Other comprehensive income	-	-
Other comprehensive income for the period, net of income tax	-	-
Total comprehensive income for the period attributable to owners of the Company	(17,399,059)	(16,583,405)
Earnings per share		
Basic earnings per share	(12.8)	(12.3)
Diluted earnings per share	(12.8)	(12.3)

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

	Attributable to equity holders of the Company			
	Share capital	Equity compensation reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2010	128,640,442	7,812,003	(54,796,524)	81,655,921
Total comprehensive income for the period				
Loss for the period	-	-	(16,583,405)	(16,583,405)
Other comprehensive income	-	-	-	-
Total comprehensive income/expense for the interim period	128,640,442	7,812,003	(71,379,929)	65,072,516
Transactions with owners, in their capacity as owners:				
Share issue costs recognised directly in equity	(13,868)	-	-	(13,868)
Share issue proceeds	3,269,958	-	-	3,269,958
Share based payment transactions	-	4,210,719	-	4,210,719
Total transactions with owners	3,256,090	4,210,719	-	7,466,809
Balance at 31 December 2010	131,896,532	12,022,722	(71,379,929)	72,539,325
Balance at 1 July 2011	133,304,408	13,604,437	(95,603,086)	51,305,759
Total comprehensive income for the period				
Loss for the period	-	-	(17,399,059)	(17,399,059)
Other comprehensive income	-	-	-	-
Total comprehensive income/expense for the interim period	133,304,408	13,604,437	(113,002,145)	33,906,700
Transactions with owners, in their capacity as owners:				
Share issue costs recognised directly in equity	-	-	-	-
Shares issue proceeds	531,410	-	-	531,410
Share based payment transactions	-	-	-	-
Total transactions with owners	531,410	-	-	531,410
Balance at 31 December 2011	133,835,818	13,604,437	(113,002,145)	34,438,110

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	31 Dec 2011 \$	31 Dec 2010 \$
Cash flows from operating activities		
Payments to suppliers and employees	(17,528,853)	(15,350,066)
Interest received	1,546,297	1,726,330
Net cash used in operating activities	(15,982,556)	(13,623,736)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(77,185)	(68,033)
Net cash used in investing activities	(77,185)	(68,033)
Cash flows from financing activities		
Proceeds from the issue of share capital	531,410	3,269,958
Payment of share issue costs	-	(13,868)
Movement of restricted cash	(27,000)	(64,000)
Net cash from financing activities	504,410	3,192,090
Net decrease in cash and cash equivalents	(15,555,331)	(10,499,679)
Cash and cash equivalents at 1 July	53,506,681	84,233,523
Cash and cash equivalents at 31 December	37,951,350	73,733,844

The condensed consolidated statement of cash flow is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

1 Reporting entity

Brockman Resources Limited (“Brockman” or the “Company”) is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

2 Statement of compliance

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Brockman Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the group’s accounting for financial assets and liabilities, as the new requirements only affect the accounting for financial assets that are available-for-sale and financial liabilities that are designated at fair value through profit or loss and the Group does not have any such assets and liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

4 Operating segments

Brockman and its controlled entities currently have a single operating segment, being iron ore exploration and evaluation of its tenement interests in Western Australia. The Chief Executive Officer reviews internal monthly management reports on the consolidated results for the Group as a single reportable segment, which is consistent with the results presented in the statement of comprehensive income.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

5 Property, plant and equipment

	31 Dec 2011	30 June 2011
	\$	\$
Cost		
Opening balance	733,322	576,850
Additions	81,748	165,215
Disposals	(3,912)	(8,743)
Closing balance	811,158	733,322
Depreciation expense		
Opening balance	(454,323)	(252,751)
Depreciation	(53,606)	(201,958)
Disposals	3,062	386
Closing balance	(504,867)	(454,323)
Carrying amounts	306,291	278,999

6 Financial liabilities

As at 31 December 2011, the contractual maturities of the group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	Carrying amount	Contractual cash flows	6 months or less
	\$	\$	\$
At 31 December 2011			
Non-derivative financial liabilities			
Trade and other payables	4,655,491	4,655,491	4,655,491
	4,655,491	4,655,491	4,655,491
At 30 June 2011			
Non-derivative financial liabilities			
Trade and other payables	3,766,303	3,766,303	3,766,303
	3,766,303	3,766,303	3,766,303

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

7 Issued capital

	31 Dec 2011 \$	30 June 2011 \$		
Ordinary shares - issued and fully paid	133,835,818	133,304,408		
	31 December 2011	30 June 2011	31 December 2011	30 June 2011
Movement in shares on issue:	No.	\$	No.	\$
Beginning of the financial period ordinary shares	139,637,039	133,304,408	136,228,151	128,640,442
Beginning of the financial period loan shares	5,166,112	8,608,066	5,260,000	7,424,500
Issued during the period	-	-	3,315,000	5,862,900
Share issue expenses	-	-	-	(15,368)
Issued capital inclusive of loan shares	144,803,151	141,912,474	144,803,151	141,912,474
Loan shares	(4,310,032)	(8,076,656)	(5,166,112)	(8,608,066)
Total consolidated issued capital at 31 December and 30 June	140,493,119	133,835,818	139,637,039	133,304,408

(a) Loan Shares

During the six months ended 31 December 2011 there were no options exercised for shares issued utilising the loan scheme. 856,080 loan shares were sold during the interim period at the direction of the employee and the proceeds of sale first used to satisfy the related portion of the loan and interest outstanding. At 31 December there were 4,310,032 loan shares. Interest is charged on the loan balance.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

8 Related party transactions

During the half-year ended 31 December 2011, Brockman Resources Limited entered into an arrangement with the Brierley Family Trust (six months ending 31 December 2010: Nil) and Richard M Wright (six months ending 31 December 2010: Nil) for the provision of consultancy services valued at \$25,000 and \$100,000 respectively. Messers Brierley and Wright are directors of Brockman Resources Limited.

The Group paid Macmahon Holdings Limited \$63,333 (six months ending 31 December 2010: Nil) for the provision of early contract involvement based on normal market rates for such services. Mr Barry Cusack is a director of Macmahon Holdings Limited and was a director of Brockman Resources Limited (resigned 16 September 2011).

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits. Key management personnel received total compensation of \$2,019,368 for the six months ended 31 December 2011 (six months ended 31 December 2010: \$6,189,737).

All other arrangements with related parties continue to be in place on the same basis at 30 June 2011.

9 Capital and expenditure commitments

a) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet or exceed a minimum level of exploration expenditure. To meet the minimum expenditure requirement for 2012, the Group is required to invest \$1,529,764 in exploration (30 June 2011: \$1,411,764).

Exploration expenditure commitments for subsequent years are contingent upon future exploration results. Obligations are subject to change upon expiry of the exploration leases or when application for a mining licence is made and have not been provided for in the condensed consolidated interim financial statements.

b) Joint venture commitments

The Company is involved in a number of Joint Venture arrangements. The Company's share of commitments made by these entities as at 31 December 2011 amounts to \$209,833 (31 December 2010: Nil).

10 Joint controlled entities

Name of joint venture	Principal activities	Interest held in share of output	
		2011	2010
North West Infrastructure Pty Ltd (NWI)	Port and related infrastructure	33.3%	33.3%
Irwin-Coglia JV	Nickel exploration	40%	40%

11 Contingent liabilities and contingent assets

Contingent liabilities

The Company has incurred costs and obligations as a result of the takeover bid launched by Wah Nam International Limited on 12 December 2011. Advisors have been engaged to assist the Company to facilitate the bid and some fees are success based and will be contingent on the outcome of the bid process. The Company has a minimum fee commitment in relation to the bid of \$2 million.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

12 Contingent liabilities and contingent assets - continued

Controlled entities

Native title claims have been made with respect to areas which include tenements in which controlled entities of Brockman have interests. These controlled entities are unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect them or their projects.

The Controlled Entity has cash backed bonds required to guarantee performance amounting to \$349,410 (six months ending 31 December 2010: \$372,410).

At 31 December 2011, there are no other guarantees of performance of a subsidiary in existence.

DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

In the opinion of the directors of Brockman Resources Limited ('the Company'):

1. the financial statements and notes set out on pages 7 to 15, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia, this 28th day of February 2012.

Signed in accordance with a resolution of the directors:



Colin Paterson
Executive Director



Independent auditor's review report to the members of Brockman Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Brockman Resources Limited, which comprises the statement of financial position as at 31 December 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Brockman Resources Group (the consolidated entity). The consolidated entity comprises both Brockman Resources Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Brockman Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent auditor's review report to the members of Brockman Resources Limited (cont'd)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brockman Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'David T. Smith'.

David Smith
Partner

Perth
28 February 2012